

United States Senate

June 12, 2013

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Acting Chairwoman Mignon Clyburn
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

0608

Dear Acting Chairwoman Clyburn:

The time has come for television video consumers to have the option to either purchase individual channels or the tiers of channels currently offered by cable and satellite companies. Today, this option does not exist and consumers are forced to buy channels they do not want. This is wrong and action should be taken.

Recently, I introduced legislation to provide consumers with the option to purchase television channels individually from their cable or satellite provider, otherwise known as multichannel video programming distributor (MVPD). My legislation, the Television Consumer Freedom Act, contains no mandates and uses existing law to incentivize greater choice in the video market for consumers. The current television video market forces consumers to pay for channels they do not watch.

If enacted, my legislation would allow programming tiers to remain, but also incentivize the offering of individual channels to consumers. If the MVPDs are right, and the current tiered programming model is the best value for consumers, then the programmers who bundle their television channels and the MVPDs that offer tiers to consumers should not be afraid of an a la carte option for consumers. My instinct tells me they are wrong, and industry references to a "Golden Age" of television apply to everyone but the American consumer.

Opponents of my legislation suggest that the current model of offering television programming in tiers provide consumers with the best available value. But with studies finding cable prices increasing over six percent a year over the last 16 years, and consumers on average only watching 18 of the 130 channels they purchase, what consumers really believe they are getting a good deal? The truth is the current socialized television model, where popular channels are subsidizing less popular channels, is incredibly anti-consumer.

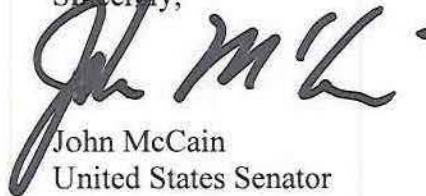
The response to my legislation has been astounding. Consumers want options that the current television market is not providing. Clearly, this begins with providing consumers with greater control over what they pay for. As policymakers, I believe it is our responsibility to lend voice to the American consumer, call attention to clear market unfairness, and shift the current

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Office of Senator John McCain

regulatory balance towards consumers. For too long, the government has entered the market on behalf of special interest to afford businesses the opportunity to develop and markets to mature. That time has passed. As such, I call on the Commission to review this issue and take steps to shift this balance toward consumers, by providing consumers with greater choice when purchasing television video.

Sincerely,

A handwritten signature in dark ink, appearing to read "John McCain", with a stylized flourish at the end.

John McCain
United States Senator



FEDERAL COMMUNICATIONS COMMISSION

July 24, 2013

Mignon L. Clyburn
Acting Chairwoman

The Honorable John McCain
United States Senate
241 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator McCain:

Thank you for your letter concerning the marketing practices of multichannel video programming distributors. I appreciate your interest in this matter and am pleased to provide the enclosed letter on this issue from the Chief of the Media Bureau's Office of Communications and Industry Information.

If you have any additional questions or need further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, reading "Mignon L. Clyburn". The signature is written in a cursive style with a large, stylized "M" and a long, sweeping underline.

Mignon L. Clyburn

Enclosure



Federal Communications Commission
Washington, D.C. 20554

July 24, 2013

IN REPLY REFER TO:
CN-1300608

The Honorable John McCain
United States Senate
241 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator McCain:

Thank you for your letter concerning the marketing practices of cable television system operators and satellite television carriers as well as other multichannel video programming distributors (MVPDs). In particular, you believe that consumers would benefit if they had the option to select the programming provided by MVPDs on an individual channel, or "*a la carte*," basis. I appreciate the concern and opportunity to respond.

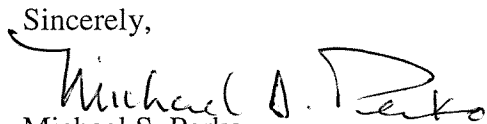
As you know, no federal law prohibits cable television operators and satellite carriers from offering consumers all or most of their programming services on an *a la carte* basis. At the same time, except as expressly provided in the Communications Act, the Commission is not authorized to regulate the marketing practices of cable television operators and satellite carriers. For example, the Commission has, pursuant to provisions of the Communications Act, implemented rules for the mandatory carriage and retransmission of local broadcast television stations by MVPDs. The Commission also has adopted rules prohibiting cable television operators from requiring consumers to purchase a tier of service (other than the basic service tier) in order to access pay-per-view or other per-channel offerings. However, the Commission does not have explicit authority to require MVPDs to provide service on an *a la carte* basis.

As you recommend, the Commission has advanced policies that increase competition and consumer choice in the video programming marketplace whenever possible. Such measures include modifying the franchising procedures to facilitate the entry of competitive cable television providers, adopting rules to preclude exclusive contracts for video service in multiple-dwelling units and other residential settings and instituting changes to expedite the review of program carriage complaints. These and other Commission policies have helped support the emergence of a number of alternative video content sources in recent years. Many broadcast and non-broadcast programming producers now make programming available to the public on their websites. In addition, consumer-directed technologies, such as video streaming services and other over-the-top video applications, allow subscribers to watch individual broadcast and non-broadcast programming on mobile devices (*e.g.*, smartphones, tablets) as well as on home

television equipment. This proliferation of new technologies and distribution platforms has led many consumers to look beyond incumbent providers for access to video content.

Please be assured that the Commission will continue to promote policies that increase competition and consumer choice in the marketplace for video programming. If I can be of further assistance, do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael S. Perko". The signature is fluid and cursive, with a large initial "M" and a stylized "P".

Michael S. Perko

Chief, Office of Communications and Industry Information
Media Bureau